



House of Representatives

General Assembly

File No. 657

January Session, 2005

Substitute House Bill No. 6933

House of Representatives, May 3, 2005

The Committee on Finance, Revenue and Bonding reported through REP. STAPLES of the 96th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING A SALES TAX EXEMPTION FOR CANDY SOLD FROM HONOR BOXES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (27) of section 12-412 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2005, and applicable to sales occurring on or after July 1, 2005*):

4 (27) (A) Sales of any items for fifty cents or less from vending
5 machines; [or] (B) sales of food products, as defined in subsection (13)
6 of this section, sold through coin-operated vending machines; or (C)
7 unattended sales of candy for fifty cents or less on an "honor box"
8 system.

9 Sec. 2. Subsection (a) of section 12-541 of the general statutes is
10 repealed and the following is substituted in lieu thereof (*Effective July*
11 *1, 2005*):

12 (a) There is hereby imposed a tax of ten per cent of the admission
13 charge to any place of amusement, entertainment or recreation, except
14 that no tax shall be imposed with respect to any admission charge (1)
15 when the admission charge is less than one dollar or, in the case of any
16 motion picture show, when the admission charge is not more than five
17 dollars, (2) when a daily admission charge is imposed which entitles
18 the patron to participate in an athletic or sporting activity, (3) to any
19 event, other than events held at the stadium facility, as defined in
20 section 32-651, all of the proceeds from which inure exclusively to an
21 entity which is exempt from federal income tax under the Internal
22 Revenue Code, provided such entity actively engages in and assumes
23 the financial risk associated with the presentation of such event, (4) to
24 any event, other than events held at the stadium facility, as defined in
25 section 32-651, which in the opinion of the commissioner, is conducted
26 primarily to raise funds for an entity which is exempt from federal
27 income tax under the Internal Revenue Code, provided the
28 commissioner is satisfied that the net profit which inures to such entity
29 from such event will exceed the amount of the admissions tax which,
30 but for this subdivision, would be imposed upon the person making
31 such charge to such event, (5) to (A) any event at the Hartford Civic
32 Center, the New Haven Coliseum, New Britain Beehive Stadium, New
33 Britain Stadium, effective for events occurring on or after the date such
34 stadium was placed in service, New Britain Veterans Memorial
35 Stadium, Bridgeport Harbor Yard Stadium, Stafford Motor Speedway,
36 Lime Rock Park, Thompson Speedway and Waterford Speedbowl,
37 facilities owned or managed by the Tennis Foundation of Connecticut
38 or any successor organization, the William A. O'Neill Convocation
39 Center, [or] the Connecticut Exposition Center or the Arena at Harbor
40 Yard, and (B) games of the New Britain Rock Cats, New Haven Ravens
41 or the Waterbury Spirit, (6) other than for events held at the stadium
42 facility, as defined in section 32-651, paid by centers of service for
43 elderly persons, as described in subdivision (d) of section 17b-425, (7)
44 to any production featuring live performances by actors or musicians
45 presented at Gateway's Candlewood Playhouse, Ocean Beach Park or
46 any nonprofit theater or playhouse in the state, provided such theater

47 or playhouse possesses evidence confirming exemption from federal
48 tax under Section 501 of the Internal Revenue Code, (8) to any carnival
49 or amusement ride, or (9) if the admission charge would have been
50 subject to tax under the provisions of section 12-542 of the general
51 statutes, revision of 1958, revised to January 1, 1999. On and after July
52 1, 2000, the tax imposed under this section on any motion picture show
53 shall be eight per cent of the admission charge and, on and after July 1,
54 2001, the tax imposed on any such motion picture show shall be six per
55 cent of such charge.

| | | |
|---|---|------------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>July 1, 2005, and applicable to sales occurring on or after July 1, 2005</i> | 12-412(27) |
| Sec. 2 | <i>July 1, 2005</i> | 12-541(a) |

FIN *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

| Agency Affected | Fund-Effect | FY 06 \$ | FY 07 \$ |
|--------------------------------|-------------------|-------------------|-------------------|
| Department of Revenue Services | GF - Revenue Loss | 50,000 to 100,000 | 50,000 to 100,000 |
| Department of Revenue Services | GF - Revenue Loss | 700,000 | 700,000 |

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill provides for a Sales Tax exemption for sales of unattended candy that costs \$0.50 or less and sold on the "honor box" system after 7/1/05. This will result in an estimated annual General Fund revenue loss from the Sales Tax of between \$50,000 and \$100,000 for FY 06 and subsequent years.

The bill also provides for an exemption from the 10% Admissions Tax for the Arena at Harbor Yard in Bridgeport. This will result in an annual General Fund revenue loss to the Admissions Tax of approximately \$700,000. To the extent that the elimination of the Admissions Tax draws in more events to the arena that otherwise would not have been held in CT, then the State will see an increase in various taxes (Income Tax, Sales Tax, and the Hotel Tax.).

OLR Bill Analysis**sHB 6933*****AN ACT CONCERNING A SALES TAX EXEMPTION FOR CANDY
SOLD FROM HONOR BOXES*****SUMMARY:**

The bill exempts candy sold for 50 cents or less from an unattended "honor box" from the 6% sales tax. Under current law, candy is taxable unless sold for 50 cents or less from a vending machine.

The bill also exempts all events held at the Arena at Harbor Yard in Bridgeport from the admission tax. The tax is 10% of most admission charges of \$1 or more, and 6% for movie tickets costing more than \$5. It applies to movies, theaters, sporting events, concerts, amusement parks, and similar places and events. Many specific venues and types of events are exempt.

EFFECTIVE DATE: July 1, 2005. The honor box exemption applies to sales on or after that date.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 47 Nay 0